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# THE Demand and Price

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## SITUATION

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### SUMMARY

The demand for farm products is being maintained at a high level although there are evidences of some weakening. Industrial production, adjusted for seasonal factors, dropped 3 percent in March and continued to decline in early April. The general level of commodity prices, after recovering from the sharp drop in early February has resumed the downward trend which began last summer. Most of the decline since then has been due to sharply lower wholesale prices for farm products and foods. However, recently, significant price declines have occurred in some metals and building materials, which have been in exceptionally short supply since the end of the war.

Total civilian employment in early April was below that for the corresponding period a year ago for the first time this year. Employment in nonagricultural industries was 900,000 below April 1948. Salary and wage payments, after seasonal adjustment, have been declining since November. Farm income so far this year has been a little lower than in the same period a year ago.

Until 1949 crops are harvested, agricultural prices will be affected by changes in crop prospects. If growing conditions continue favorable, the seasonal increases in marketings of truck crops, meat animals and dairy products in the next month or two are likely to result in a downward trend in farm product prices.



## ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1948			1949		
		Year	Mar.	Dec.	Jan.	Feb.	Mar.
Industrial production <u>1/</u>	1935-39						
Total.....	=100	192	191	192	191	189	184
All manufactures.....	do.	198	200	199	198	196	193
Durable goods.....	do.	225	229	231	227	226	223
Nondurable goods.....	do.	177	177	173	175	173	168
Minerals.....	do.	155	142	156	149	148	133
Construction activity <u>1/</u>	1935-39						
Contracts, total.....	=100	331	315	314	303	294	
Contracts, residential.....	do.	397	363	355	326	302	
Wholesale prices <u>2/</u>							
All commodities.....	1926=100	165	161	162	161	158	158
All commodities except farm and food.....	do.	151	148	153	153	152	151
Farm products.....	do.	188	186	177	172	168	171
Food.....	do.	179	174	170	166	162	163
Prices received and paid by farmers <u>3/</u>	1910-14						
Prices received, all products.....	=100	287	283	268	268	258	261
Prices paid, interest and taxes.....	do.	249	247	248	248	245	246
Parity ratio.....	do.	115	115	108	108	105	106
Consumers' price <u>5/</u> <u>6/</u>	1935-39						
Total.....	=100	171	167	171	171	169	169
Food.....	do.	210	202	205	205	200	202
Nonfood.....	do.	149	147	152	152	152	151
Income							
Nonagricultural payments <u>4/</u> .....	Bil. dol.	190.4	185.1	197.4	195.7	194.8	
Income of industrial workers <u>3/</u> .....	1935-39						
.....	=100	364	358	374	361	355	
Factory payrolls <u>5/</u> .....	do.	389	381	402	386	381	
Weekly earnings of factory workers <u>5/</u>							
All manufacturing.....	Dollars	53.14	52.06	55.03	54.41	54.25	53.37
Durable goods.....	do.	56.76	55.25	59.25	58.51	58.32	57.02
Nondurable goods.....	do.	49.33	48.66	50.52	50.08	50.01	49.63
Employment							
Total civilian <u>7/</u> .....	Millions	59.4	57.3	59.4	57.4	57.2	57.6
Nonagricultural <u>7/</u> .....	do.	51.4	50.5	52.1	50.7	50.2	50.3
Agricultural <u>7/</u> .....	do.	8.0	6.8	7.4	6.8	7.0	7.4
Government finance (Fed.)							
Income, cash operating.....	Mil. dol.	3,748	6,019	4,106	3,683	3,893	
Outgo, cash operating.....	do.	3,075	3,418	4,243	2,834	3,252	
Net cash operating income or outgo....	do.	+672	2,601	-137	+849	+641	

Annual data for the years 1929-48 appear on page 29 of the March 1949 issue of the Demand and Price Situation.

Sources: 1/ Federal Reserve Board, converted to 1935-39 base. 2/ U. S. Dept. of Labor, BLS. 3/ U. S. Dept. of Agriculture, BAE, to convert prices received and prices paid interest and taxes, to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U. S. Dept. of Commerce revised figures employing new concepts, seasonally adjusted at annual rate. 5/ U. S. Dept. of Labor, BLS. 6/ Consumers' price index for moderate-income families in large cities. 7/ U. S. Dept. of Commerce, Bureau of the Census. 8/ U. S. Dept. of Treasury. Data for 1948 are on average monthly basis.

Commodity Highlights

Reflecting not only seasonal changes in supplies but also the longer run up-trend in meat output now in progress, declines in meat animal prices during the spring and early summer may be sharper and the mid-summer increase smaller than usual. Prices to farmers for butterfat and milk for manufac-  
turing purposes will continue at present levels through the period of flush production. But prices of milk for fluid use may decline somewhat further. Farm egg production continues slightly ahead of last year. With adequate supplies of both poultry and red meat in prospect, price increases for most classes of poultry are not likely in the next few months. Output of animal fats in the U. S. in the remainder of 1949 is likely to be larger than last year. With livestock production increasing, considerably heavier disappearance of feed grains is in prospect this summer and fall than a year ago. Cash wheat prices are expected to advance following a low point in July and August. Grower prices of most fruits probably will not change much from the April levels in May and June. Prices of old-crop potatoes are likely to remain at present levels for the rest of the 1948-crop marketing season. Prices received for fresh market vegetables in May and June probably will be somewhat below the same months last year. Domestic mill consumption of cotton in March was 20 percent below March a year earlier. Exports of cotton, however, are running higher than a year earlier. In February, more than three times as much cotton was exported as in February 1948. Demand for Maryland tobacco is expected to be strong when auction sales for 1948-crop Maryland tobacco begin May 10. Domestic sugar prices will continue firmer in 1949 than in 1948.

## CURRENT DEVELOPMENTS

Important changes in the Nation's agricultural price programs were proposed on April 7 by the Secretary of Agriculture, Charles F. Brannan, at a joint hearing of the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry.

Major proposals made by the Secretary included: 1. A new income-price support formula with a recent 10 year period as a base and the abandonment of the parity price formula; 2. A new list of commodities which should receive priority of funds available for support; 3. Use of "production payments" for perishable commodities while using commodity loans and purchase agreements for storable commodities (direct purchases may also be desirable in the case of both perishables and storables); and 4. A reappraisal of the conditions and limits of price support.

The full details of this proposal can be obtained upon request to the U. S. Department of Agriculture for the published statement of the Secretary. A summary will also appear in the May issue of the Agricultural Situation.



## OUTPUT AND EMPLOYMENT

Total industrial production continued to decline in March as a result of the coal miners' two week holiday and further cutbacks in output of many durable and nondurable manufactures. The Federal Reserve Board's index of industrial production, seasonally adjusted, dropped to 184 (1935-39=100) in March, 5 points below February, 7 points below March 1948 and 11 points below the peacetime peak in October and November 1948.

Durable goods output declined despite the record tonnage produced by the steel industry, whose operations averaged 102.7 percent of rated capacity during March. Motor vehicle production also was up substantially from the previous month as the number of units produced reached a total of 518,000 for the month. Output in these industries, however, was not sufficient to offset continued declines in the production of machinery, building materials and transportation equipment excluding automobiles. The index of durable goods production, seasonally adjusted, fell to 223 in March, 3 points below February, 6 points below March a year earlier and 8 points below the postwar peak of December 1948.

Nondurable goods production in March was also down from the previous month and the index of nondurable goods production declined to 168, 5 points below February, 9 points below March a year earlier and 11 points below the peak of February 1948. Accounting for most of the drop were declines in the output of textiles, particularly rayon, paper and paper products, and chemicals.

The production of minerals was off substantially in March, chiefly as a result of the two week holiday in the soft coal industry. The index of output of minerals dropped to 133 in March, 15 points below February, 9 points below March 1948 and 28 points below the peak in November 1948. Bituminous coal production during the month was 45 percent below February; crude petroleum output, about 4 percent below February.

Preliminary data in early April indicated that total industrial output continued to decline despite the resumption of coal mining operations. The scheduled rates of steel output were about 4 percent lower than in March; rayon production was considerably reduced in early April; and crude petroleum output was off 4 percent.

The number of new nonfarm dwelling units started in the first quarter of 1949 totaled 158,000, about 12 percent under the number started in the same period in 1948. Starts in March, which were seasonally higher than in February, were 19 percent less than in March 1948.

Total civilian employment in early April dropped below the corresponding month a year ago for the first time this year. Although increasing by 200,000 persons from March, total employment at 57.8 million persons was 500,000 below a year earlier. Nonagricultural employment declined in April with the number of persons working in nonagricultural industries dropping to 50.0 millions compared with 50.3 millions the month



before and 50.9 millions in April 1948. Agricultural employment in April continued to rise seasonally, more than offsetting the decline in nonfarm employment and accounting for all of the increase in total employment from March to April. Unemployment at 3.0 million persons was down 200,000 from March, but was up 800,000 from April a year earlier.

#### INCOME AND RELATED FACTORS

Lower farm income and industrial pay rolls (after seasonal adjustment) brought total personal income down for the second consecutive month in February. Total personal income in that month was at a seasonally adjusted annual rate of 217 billion dollars, 2.5 billions below January but 10.6 billions greater than a year earlier.

Salary and wage receipts were off for the third straight month in February as a result of increased lay-offs and reduced hours of work. The seasonally adjusted annual rate of wage and salary income was 135.1 billion dollars in February, 1.2 billion below January, 2.9 billions below the peak in November 1948, but 8.8 billions greater than February a year earlier.

Dollar sales at department stores, adjusted for seasonal factors including the later occurrence of Easter this year than last, continued to decline in March. The Federal Reserve Board index of dollar sales declined to 272 (1935-39=100) in March, slightly below February and 4 percent below March a year earlier. Weekly sales in early April were 8 percent above those in April a year ago. However, after allowing for the later date of Easter, they were about 4 percent below a year ago.

Seasonally adjusted total retail sales declined slightly in March, and for the first time this year fell below the level of a year earlier. Sales at all retail stores during the first quarter of 1949 were about 1 percent above those in the first quarter of 1948, reflecting increases in sales of automobiles and automotive equipment. The increase in total retail sales during the first quarter was in contrast to a 3 percent decline in department store sales for the same period.

#### COMMODITY PRICES

The downtrend in the general commodity price level, which has been underway for 8 months, was resumed in early March after a brief recovery in the last half of February. By the third week in April, the BLS weekly index of wholesale prices had declined 8 percent from last summer's high. Most of the drop in the overall level has been due to sharply lower wholesale prices for farm products and foods. However, price declines for textile and leather products, while not as large as the drop in farm products and foods, have also been substantial. In recent months, wholesale prices of some metals (steel scrap, lead, copper and zinc), building materials, and fuel and lighting materials have weakened. Shortages of these products have been acute until recently.

From late March to late April, all major industrial components of the weekly index declined, with average drops of more than 2 percent in metals and metal products and fuel and lighting materials (table 1). Wholesale prices of farm products and foods strengthened slightly during this period and the overall level of commodity prices declined less than 1 percent.

Table 1. - Group indexes of wholesale prices, week ended April 19, 1949, with comparisons

(1926 = 100)						
Group	Week	Week	Week	Week ended Apr. 19, 1949		
	ended	ended	ended	Percentage change from		
	April 19,	Mar. 22,	April 20,	Week ended	Week ended	
	1949	1949	1948	Mar. 22,	Apr. 20,	
				1949	1948	
All commodities	156.9	158.2	164.8	- .8	- 4.83	
Farm products	171.1	170.8	190.7	/ .2	- 10.3	
Foods	163.4	163.2	181.4	/ .1	- 9.9	
All other than farm and food	148.4	150.8	149.2	- 1.6	- .5	
Textile products	139.3	141.7	150.7	- 1.7	- 7.6	
Fuel and lighting materials	131.5	134.4	131.9	- 2.2	- .3	
Metals and products	171.5	175.1	157.4	- 2.1	/ 9.0	
Building materials	196.5	199.7	196.4	- 1.6	/ .1	
All other	130.7	131.2	136.6	- .4	- 4.3	

The ELS monthly index of wholesale prices in March was 158.4 (1926=100) compared with 158.1 in February and 161.4 in March 1948. A sharp drop occurred in early February, primarily because of lower prices for farm products and foods, but was recovered later in the month.

Average prices received by farmers in mid-April were about the same as in March. The BAE index of prices received by farmers was 260 (1909-14=100) on April 15 compared with 261 in March and 291 in April 1948. All crops combined averaged 2 percent higher than in March with seasonally higher prices for fruit and an advance in cotton prices offsetting a seasonal decline in truck crop prices. Prices of livestock and livestock products averaged 1 percent lower than a month previous as a result of declines in prices of meat animals and dairy products, which were primarily seasonal.



Table 2.- Group indexes of prices received by farmers April 15, 1949, with comparisons (August 1909-July 1914=100)

Group	April 15, 1949				
	April 15, 1949	March 15, 1949	April 15, 1948	percentage change from	
				March 15, 1949	April 15, 1948
Food grains	227	224	268	1	15
Feed grains and hay	178	178	291	0	39
Cotton	241	232	275	4	12
Tobacco	410	411	371	1/	11
Oil-bearing crops	238	242	351	2	32
Fruit	207	189	142	10	46
Truck crops	236	263	340	10	31
All crops	236	232	276	2	14
Meat animals	333	335	347	1	4
Dairy products	240	254	296	6	19
Poultry and eggs	221	217	214	2	3
Livestock and products	282	287	304	2	7
Crops and livestock and products	260	261	291	1/	11

1/ Less than one-half percent decrease.

Compared with April 1948, prices of all farm products averaged 11 percent lower with crops down 14 percent and livestock and livestock products down 7 percent. Except for tobacco, fruit and poultry and eggs, the group indexes showed declines ranging from 4 percent for meat animals to 39 percent for feed grains and hay. Fruit prices averaged 46 percent above April 1948, primarily a result of smaller supplies this year.

Over the next few months, agricultural prices will be particularly sensitive to changes in crop prospects in this country and abroad. Favorable growing conditions and seasonally increased marketings of meat animals and dairy products are likely to result in further declines in the general level of farm product prices in the next month or two.

The BAE index of prices paid by farmers for commodities, interest and taxes in April was 246 (1910-14=100), the same as in the preceding month and 3 points lower than in April 1948. Higher prices for food and feed in April compared with March were offset by lower prices for building materials and clothing. The parity ratio--prices received by farmers to prices paid, interest and taxes--remained at the March level of 106 and was 11 points lower than in April 1948.

The index of farm wage rates, after allowance for normal seasonal variation, fell from 438 (1910-14=100) on January 1 to 416 on April 1 and was 4 points below the level on the same date a year ago. The decline in farm wage rates was partly due to lower prices for farm products and lower employment in nonagricultural industries.

The BLS index of urban consumer prices rose slightly in March to 169.5 (1935-39=100) compared with 169.0 in February; primarily because of higher food costs. The March index was about 1 percent higher than in the same month a year ago.

#### FARM INCOME

In April, farmers received about 2.0 billion dollars from farm marketings--nearly the same as in March but slightly below a year earlier. Prices as a whole were about the same as in March, but 10 percent lower than last April. Total marketings were also about the same as in March with livestock and products up a little seasonally and crops down. But they were probably a little larger than last year.

Farmers realized about 1.3 billion dollars from the sale of livestock and products in April, up 4 percent from the previous month but 4 percent less than April of last year. Nearly all commodities included in the livestock groups were higher than in March. As compared with April of last year, poultry and eggs probably were up a little, mostly because of larger marketings of broilers. Lower prices, however, held receipts from meat animals and dairy products below last year.

Crop receipts in April were around 0.7 billion dollars, about the same as in March but a little higher than in April a year earlier. There was a seasonal drop in receipts from corn but vegetables were up. Receipts from corn were higher than last year, but those from wheat were down sharply.

During the first 4 months of 1949, farmers' cash receipts totaled about 8 billion dollars, or a little less than they received in the same period last year. Prices farmers received for their products during this period averaged 10 percent below last year, with crops showing a greater decline than livestock and livestock products. But lower prices were partly offset by larger marketings.

Cash receipts from livestock and products for the period, January through April, are estimated at 4.9 billion dollars, or 7 percent below last year. This decline was due chiefly to a 7 percent drop in average prices. Cash receipts from meat animals and from dairy products were both below the same period last year. Marketings of meat animals as a whole were about the same, with cattle a little higher than a year ago, hogs about the same and sheep and lambs lower. Prices of meat animals, however averaged about 6 percent lower than prices in the first 4 months of 1948. Milk production has been a little larger this year, but dairy-product prices averaged nearly 15 percent lower because of a slight



decline in the price of fluid milk and a greater drop in the prices of milk for manufacturing and butter-fat. More broilers have been sold this year at slightly higher prices, and receipts from poultry and eggs were up a little from last year.

Crop receipts in the first 4 months were about 3.1 billion dollars, slightly above the same period last year. Receipts from corn and cotton were substantially higher as larger marketings, including quantities placed under loan, more than offset lower prices. Receipts from wheat, however, were down because of earlier marketings and lower prices.

#### LIVESTOCK AND MEATS

Prices of meat animals during the next few months are expected to reflect both seasonal variations in marketings and a longer-run uptrend in total meat production--a trend now in progress. Declines in prices during the spring and early summer may be sharper than usual, and the mid-summer increase may be less than it frequently is. No great advance in prices such as occurred in the summer of 1948 is in prospect this year.

Hog prices have declined seasonally since late March and some further reduction is likely. The price probably will average lower than a year ago. More hogs will be slaughtered this spring and summer than a year earlier because the pig crop of last fall was 8 percent larger than the previous fall crop and because more sows will be slaughtered. The difference between the number of hogs slaughtered this spring and last will be greater in the weeks ending in late May than after that time, since slaughter was limited through most of May last year by a labor-management dispute in the packing industry.

Prices of the higher grades of steers may also be reduced slowly. A considerably larger number of grain-fed cattle will be slaughtered in the peak season of late spring than last year. Cattle feeding activity has continued high. About 23 percent more cattle were on feed in 11 Corn Belt States April 1 this year than last, nearly the same percentage increase as was reported for that area January 1. In contrast with the better grades, prices of lower grades of steers may increase seasonally. However, the spread between prices of highest and lowest grades can narrow only moderately since it was only \$5.00 per 100 pounds at Chicago in early April. Last April the spread was almost \$8.00.

Lamb prices declined in mid-April but have averaged around one-fifth higher than last April. They are likely to remain comparatively higher than prices of other meat animals. Fewer lambs will be slaughtered this year than last. The early lamb crop was down 6 percent from last year, and the late crop also is likely to be smaller. Numbers of breeding ewes have declined as a part of a 7-year downtrend in sheep and lamb numbers. Also, winter storms may have reduced the lamb crop in some States. Progress of lambs of the early crop has recently been generally good, although it began slowly in California and the Pacific Northwest. Texas conditions have been unusually favorable for spring lambs.



Total production of meat through the rest of 1949 promises to exceed the same months of 1948. Production of pork will increase rapidly in the fall, when hogs from the large current spring pig crop move to market. The higher plane of pork output compared with 1948 may be maintained through much of next year. According to the usual relationship to the springtime hog-corn ratio, a substantial increase could be expected in the number of sows to farrow this fall. However, trends in hog prices and prospects for feed crops this summer will influence farmers' plans for farrowings.

The allocation of meats for export from the United States in the April-June quarter has been increased to permit the export of 73 million additional pounds of pork, about 3 percent of expected United States production in the same period. Of the additional allocation, 66 million pounds are marked for the United Kingdom. If second quarter exports are of the volume permitted by the allocation, they will be more than double the quarterly exports of all meat recorded in 1948.

#### DAIRY PRODUCTS

Prices to farmers for butterfat and milk for manufacturing purposes will continue near present levels through the period of flush production. Prices will remain fairly stable in spite of increasing milk flow because of Government support programs for these commodities. Two additional factors tending to hold prices up will be the beginning of the into-storage season and the possible resumption of definite programming for export under recently authorized ECA funds. Prices for fluid use may decline further.

Milk production has increased more than usual since the seasonal low was reached last fall. March production was 4 percent larger than a year earlier with much of the increase diverted to manufactured products. Production during the first quarter as a whole was up 3.5 percent.

There was an increase of about 15 percent in producers' deliveries in major city markets, compared with a year earlier. The reduction of about 1 cent per quart in dealers' paying prices and retail prices of fluid milk from the peak last September to March 1949 was slightly larger than usual. The average retail price of milk (delivered to homes) in 25 cities in early March, at 20.6 cents per quart, was the same as a year earlier.

About 3 billion pounds, or 12 percent, more milk was used in manufactured dairy products in the first quarter than a year earlier. The way this milk was used, however, was substantially different from early 1948. In January-February, production of butter and cheese was around 25 percent larger than a year earlier; cheese was up 24 percent and dry skim output, 30 percent. On the other hand, evaporated milk production was 15 percent smaller and dry whole milk production was down 19 percent.



Butter prices have been at support levels in recent weeks. Through April, about two million pounds had been purchased for price support. In mid-April, the price received by farmers for butterfat was 61.4 cents per pound, 96 percent of parity, compared with 84.7 cents and 131 percent a year earlier. In early May, wholesale prices were lower than a year earlier by 20 percent for cheese and 24 percent for dry milk. Condensed milk was down 3 percent and evaporated 11 percent. Lower retail prices have resulted in substantial increases in consumption of butter and cheese.

#### EGGS AND POULTRY

Lenten demand for eggs plus large purchases by the U. S. Department of Agriculture helped to hold April farm prices slightly higher than the month before. In mid-April, the United States average local market price for eggs was 42.3 cents per dozen, 1.1 cents higher than the month before, but 0.3 cent under April 1948.

Farm egg production is continuing slightly ahead of last year. Though apparent per capita egg consumption currently exceeds an egg a day, production exceeds this rate. The surplus is being absorbed at the support price by the Department of Agriculture.

Commercial holdings of shell and frozen eggs in cold storage on April 1 were only 64 percent of the same period last year and the April in-movement was probably the lowest of record. The small demand for eggs for storage follows from the relative unprofitability of last year's storage operations, and from expectations for adequate supplies from fall production.

Hatchings in January-March were 37 percent above a year earlier. This indicates that farmers will exceed their February intentions of raising 7 percent more chickens this year than last. Even if hatchings after April 1 only equal last year, the total for 1949 would be 10 percent above 1948. Since the hatch promises also to be earlier than last year, the early maturity of 1949 pullets will increase the size of late summer laying flocks compared with last year.

Chicken prices, at 31.0 cents per pound on a U. S. farm basis in April, were 0.6 cent higher than March. Though the April price was 3.0 cents higher than the year before, all classes did not share in the increase; broilers in the commercial-producing areas were lower than last year, while New York and other metropolitan markets have been paying more than last year for the heavier classes, including fowl.

With adequate supplies of both poultry meat and of red meat in prospect, stable or lower prices for most classes of poultry are indicated. Although storage stocks of poultry are low, heavy placements of broiler chicks so far this year will insure large supplies of lighter birds at least until mid-summer, and the larger production of farm



chickens will likewise contribute to an increased overall supply of poultry meat. Supplies of fowl, however, may continue low until mature pullets are available to replenish farm laying flocks, which in March included 2 percent fewer birds than the year before.

Farmers probably will exceed their January intentions of raising 25 percent more turkeys than in 1948. Birds from this crop will not reach market in substantial volume until fall, when prices probably will be appreciably lower than last year's all-time high. This year's expected large volume of fall marketings will considerably reduce, or even eliminate the price rise which usually occurs in the fall. Fall marketings are of young birds, while older and heavier turkeys, principally breeders, comprise the bulk of farm sales in the spring and early summer. The farm price in April, an off-season month, was higher than the October-December prices in any year prior to 1948.

#### FATS AND OILS

The index number of wholesale prices of 26 major fats and oils (butter excluded) for April was about 165 (1935-39=100) compared with 174 in March, 184 in February and 12-month average of 264 in 1948.

Butter, 92-score, Chicago, which averaged 60.3 cents wholesale in March, dropped in April to the price support level of 59 cents per pound. Lard was down 1 cent from the March average of 11.6 cents per pound. Prices of inedible tallow and greases declined sharply from March to April. The price of grease ("A" white, Chicago) averaged 5.0 cents per pound in April, down 1 cent from the March level. Declines in prices of most vegetable oils were relatively small.

Output of animal fats in the United States in the remainder of 1949 is likely to be larger than a year earlier. The production of creamery butter in January-March 1949 was about 20 percent larger than the 246 million pounds produced a year earlier. Increased milk production in 1949 will probably be reflected in an increase in butter production, since the consumption of most other dairy products is smaller than last year. Federally inspected lard production in January-March 1949, 529 million pounds, was 16 percent larger than a year earlier. Increases in the 1948 fall and 1949 spring pig crops probably will result in an increase in lard production in April-December 1949 as compared with 1948.

Production of domestic vegetable oils in the first half of 1949 is large, reflecting the carry-over on January 1 of soybeans, flaxseed and cottonseed from the 1948 bumper crops. Large acreages of soybeans and flaxseed again this year were indicated on the basis of farmers' intentions March 1.



The carry-over of old-crop flaxseed, including linseed oil in terms of flaxseed, on July 1 this year is expected to be close to 30 million bushels. A normal carry-over is about 10 million bushels. An average yield per acre on the indicated 4.7 million acres to be planted this year would produce about 41.5 million bushels of flaxseed. About 47 million bushels are estimated to be needed in the year beginning next July for seed, for crushing to produce linseed oil for current consumption, and for normal carry-over.

There are large stocks of exportable flaxseed in Canada and linseed oil in Argentina. These supplies may compete with United States flaxseed.

Prices to producers for flaxseed harvested in 1949 will be supported at \$3.99 per bushel, Minneapolis basis, compared with \$6.00 last season. Except in certain Texas counties, the support program will consist only of producer loans and purchase agreements. Farmers who wish to take advantage of the support will need to find proper storage for their flaxseed.

#### CORN AND OTHER FEED

Prices of most feeds advanced during March and April from the low level reached in February, but remained much lower than a year earlier. In recent months feed grain prices have been 40 to 50 percent lower than in the early months of 1948. The sharp drop in feed grain prices from a year earlier is principally the result of the marked increase in feed grain supplies. An additional factor in the lower prices for feed is the decline in the prices of livestock and livestock products, which averaged 7 percent lower in the first quarter of 1949 than a year earlier, and 17 percent lower than the high level in the third quarter in 1948. During January-March domestic use of feed grains was 8 percent larger than a year earlier, when feed supplies were unusually small, but was 7 percent smaller than two years ago.

In mid-April corn prices were 22 cents below loan rate for the 1948 crop. Prices of barley and sorghum grains continued well below the loan rates available on these crops earlier in the marketing season. Prices of feed grains probably will continue below the support levels this summer, unless the 1949 crops are below average. Recently announced loan rates on 1949 oats will average 69 cents per bushel, 1 cent lower than last year, on barley \$1.09 per bushel, compared with \$1.15 per bushel last year, and on sorghum grains \$2.09 per hundred pounds, compared with \$2.31 last year.

The combined stocks of corn, oats, and barley on April 1 were much larger than in any previous year and were 89 percent larger than the small stocks on that date last year. With livestock production increasing, a considerably heavier disappearance of feed grains is in prospect this summer and fall than in the same period of 1948. Even allowing for the larger utilization, however, the carry-over of feed grains into 1949-50 is expected to be the largest on record. The corn carry-over may exceed



700 million bushels and the oats carry-over may total around 300 million bushels. The corn supply in 1949-50, with an average growing season, would be nearly as large as the record 1948 supply, but a considerable part of the large corn carry-over will be under loan or in Government ownership.

#### WHEAT

Cash wheat prices in May, are expected to continue at about the same level as in April, or somewhat higher. Prices then will adjust to new crop supply conditions. It is expected that following the decline to a low point in July or August prices will advance as they have in past years when loan programs were in effect.

April 1 stocks in all positions totaled 576 million bushels, which compare with 480 million bushels a year earlier. Disappearance in January-March was 283 million bushels, consisting of the following estimated quantities (year earlier in parenthesis): 117 million (113) for food, 41 million (38) for feed, 2 million (2) for seed, and 123 million (119) exported.

The complete supply and distribution picture for the July 1948-June 1949 year is as follows: Total supply is 1,484 million bushels, consisting of July 1, 1948 stocks of 196 million and production of 1,288 million. Total disappearance is estimated at 1,170 million bushels, consisting of 485 million for food, 90 million for feed, 95 million for seed, and 500 million for export, leaving a carry-over of old wheat on July 1 of 300-325 million bushels.

A winter wheat crop of 1,020 million bushels was indicated as of April 1. Production of spring wheat will not be officially indicated until June. If yields per seeded acre should equal the 1938-47 average on the prospective spring acreage about 290 million bushels would be produced. This would give a total wheat production of 1,310 million bushels, second only to the 1,367 million produced in 1947. With a domestic use of about 665 million bushels, a crop of this size would provide about 650 million bushels for export in 1949-50 and for addition to the carry-over July 1, 1950. Soil moisture for both winter and spring wheat has continued generally ample.

Wheat crop prospects in Europe continue below a year ago. A decline in acreage is expected and it is not likely that the very good yields per acre obtained in 1948 will be repeated this year.

#### FRUIT

Although supplies of most fruits are considerably smaller than a year earlier and are declining seasonally, grower prices generally are not expected to change much in May and June. So far this year they have been substantially above prices a year ago.



Both grower prices and terminal market wholesale prices for the remaining small stocks of 1948-crop apples and pears in May and June probably will continue near April levels. Cold-storage holdings of apples April 1, 1949, were about 47 percent smaller than a year earlier, and those of pears were about 60 percent smaller. Market movement of these two fruits in mid-April, as judged by carlot rail shipments, was at a considerably lower rate than a year earlier and declining seasonally. Supplies from the 1948 crops may clean up this spring a little earlier than usual.

Supplies of 1948-49-crop grapefruit, oranges, and lemons remaining for use after mid-April were each considerably smaller than supplies at the same time a year earlier. Because of freeze damage last winter to the Texas grapefruit crop, harvest was practically finished by mid-April, about two months earlier than the finish of the 1947-48 crop. The marketing Florida grapefruit crop probably will be completed in early June, also earlier than is usual, because of warm and dry weather last winter. Grower prices for the remaining small supplies of grapefruit probably will advance slightly. Such prices in mid-March were nearly twice those of March 1948.

For the same reason as that for Florida grapefruit, the season for Florida oranges also may finish somewhat earlier than usual. With the aid of strong demand for both fresh use and processing, grower prices for all oranges averaged about 50 percent higher in April than a year earlier and probably will increase slightly in May and June. The reduced supplies of lemons also are bringing considerably higher prices this spring than last, and prices are expected to increase further as warm weather stimulates demand.

As supplies of strawberries increase seasonally in May and June, when the bulk of the crop ordinarily is harvested, grower prices are expected to decline considerably from April levels. Prices in May and June probably will be a little lower than in these two months of 1948, partly because of a small increase in prospective production and partly because of substantially larger cold-storage holdings of frozen strawberries, which on April 1 were more than twice those on April 1, 1948. However, cold-storage holdings of all frozen fruits, berries, and fruit juices were about 6 percent smaller than a year earlier.

Total stocks of canned apricots, peaches, pears, pineapples, and fruit cocktail in the hands of packers and wholesale distributors were about 36 percent larger on March 1, 1949, than similar stocks a year earlier. Packer stocks were about twice those of a year earlier, but distributor stocks were about 15 percent smaller. With the season for processing citrus fruits well advanced on April 1, it seemed almost certain that the total pack of canned citrus juices from the 1948-49 crop would be at least moderately smaller than the 1947-48 pack. But the new pack of canned citrus segments already is slightly larger than the 1947-48 pack. Also, the new pack of frozen concentrated orange juice may be 3 to 4 times the 1947-48 pack, partly offsetting the reduction in canned single-strength orange juice.



## POTATOES AND SWEETPOTATOES

Prices farmers will receive for old-crop potatoes for the rest of the 1948-crop marketing season are expected to remain at about present levels. The schedule of support prices by months provides no increase after March. Remaining supplies are large and the Government continues to actively support the market, buying at the equivalent of 90 percent of parity for the 1948 crop. Through May 2, 1948-crop potatoes bought for price support totaled more than 124 million bushels.

Prices which farmers will receive for the 1949-crop potatoes probably will fall more rapidly than usual this spring, after California shipments begin rolling in heavy volume. Development of the crop in California has been delayed, and the bulk of marketings from that area will be later than usual. A relatively small quantity of new crop potatoes has been bought for price support. Those purchased to date have all been below U. S. No. 1 in grade or size. Support on the 1949 crop is based on 60 percent of parity.

Although farmers' intentions in March indicated an acreage about 2 percent larger than the national goal, favorable weather throughout the growing and harvesting season would again produce a substantial surplus on such acreage.

Fewer sweetpotatoes are available, and prices to farmers and at retail are moderately higher than a year earlier. If farmers carry out their planting intentions of March 1, there will be a further reduction in acreage this year, and the acreage would be the smallest since 1886. Apparently the lack of a good marketing system for sweetpotatoes in most areas, the heavy labor requirements for sweetpotatoes, and the difficulties experienced in controlling the sweetpotato weevil in some important areas are causing farmers to continue to reduce their acreage, despite generally favorable prices received for recent sweetpotato crops.

## COMMERCIAL TRUCK CROPS

For Fresh Market

Demand for fresh market vegetables in May and June is expected to be slightly weaker than a year earlier, and the index of prices received by farmers for such crops in May, June and July is expected to decline seasonally and to be slightly to moderately lower than in the same months last year. Total commercial production for shipment this spring is expected to be nearly the same as in 1948. For individual crops, prospective production this spring is considerably smaller in the case of cauliflower, eggplant, green peppers, and shallots, but considerably larger for asparagus and beets and acreage is much larger also for water-melons.

In April, the index of fresh market truck crop prices received by farmers was 236, considerably lower than the index of 340 in April 1948, when the index rose sharply and then declined.



For Commercial Processing

Continued strong demand for vegetables for commercial canning and freezing is expected this year. Current stocks of major canned and frozen vegetables items do not appear burdensome with the exceptions of canned corn, catsup, chili sauce and frozen green lima beans. Early reports from commercial processors reveal they intend to plant, or contract for planting, a larger acreage this year than last in snap beans and green peas, but a slightly smaller acreage in sweet corn and in cabbage under contract for kraut. Consumer demand for canned and frozen vegetables probably will be nearly as strong as last year, and no general price reductions of consequence are anticipated this season.

## DRY BEANS AND PEAS

Government price support probably will continue to be the major factor in determining the prices which farmers will receive for dry edible beans and peas, not only for the 1948-crop supplies remaining but also for the 1949 crops. Foreign demand for these crops is not expected to improve, but domestic demand probably will remain steady. Large stocks of beans and considerable stocks of dry peas are expected to be in Government hands at the end of the 1948 crop marketing season. Based on farmers' planting intentions in March, acreage planted to dry beans this year may be about 7 percent smaller than last year, but that planted to dry peas may be nearly one-third larger than in 1948.

Price support has been announced for the 1949 crops at 80 percent of parity for dry edible beans and at 60 percent of the "comparable" price for dry edible peas. 1948-crop beans and peas have been supported at the 90 percent minimum level required by law.

## COTTON

Spot prices of cotton in mid-April increased to the highest point this season after remaining at about the same level since early in December. The ten market average prices of Middling 15/16" on April 13 was 33.11 cents per pound, about 1/2 cent higher per pound than average prices for the last four months.

The average farm price of cotton in mid-April was 29.91 cents per pound; 1.17 cents higher than in mid-March but 4.19 cents per pound less than mid-April last year. The mid-April farm price was 98 percent of parity compared with 94 in mid-March and 110 a year ago.

Gross entries into the 1948 cotton loan program as of April 14 were 5,060,000 bales, not including 14,000 bales in loan process. During the first two weeks in April, 80,000 bales entered these loan stocks and 101,000 bales were redeemed. Total redemptions for the season were 704,000 bales, leaving net loans stocks as of April 14 at 4,356,000 bales.



Domestic mill consumption in March was 721,000 bales, 18 percent below March last year and the lowest for March since before the war. Total consumption for the season through March was 5,565,000 bales. The full season total may not exceed 8 million bales which would be a decline of 15 percent from last season, and only slightly more than the 1939-40 season. Total consumption since 1939-40 has ranged from 9.2 million bales in 1945-46 to 11.2 millions in 1941-42.

Exports, on the other hand, are more than double those of last year and at 2,381,000 bales for the season through February were the highest in ten years. Exports in February, the last month for which official data is available, were 497,000, more than 3 times those in February last season. The full season total seems certain to exceed 4 million bales and may reach 4.5 million bales.

#### TOBACCO

Auction sales for 1948 crop Maryland tobacco begin May 10. The 1948 crop is now estimated at 35 million pounds or 3 million below the preceding year. Stocks in the hands of dealers and manufacturers on January 1, 1949, were close to 47 million pounds or 2 million pounds greater than January 1, 1948. Total supply (production plus stocks) is 82 million pounds, slightly less than a year ago but above any other year. The demand for Maryland tobacco is expected to be fairly strong. Total disappearance during 1948 was a record 36 million pounds and exceeded 1947 by more than 2 million pounds. Cigarette manufacture, the major outlet for Maryland tobacco, is continuing at a high level. Exports of Maryland tobacco in 1948 were 8.2 million pounds or nearly one-fourth larger than each of the preceding 2 years. The price support level for the 1948 crop of Maryland is 45.9 cents per pound. Prices received by growers last season averaged 42.8 cents per pound.

Growers' sales of 1948 crop cigar filler and some binder have lagged this season in a pattern similar to last season. Reported prices for scattered sales have been lower than the 1947 season average.

The level of price support for 1949 flue-cured will be a little lower than last season, but an active demand is expected to maintain the average price received by growers above the support level.

Cigarette production during the first quarter of 1949 is estimated at close to 92 billion compared with 90 billion during January-March 1948. Tax-paid withdrawals, which are an indication of domestic consumption, were up about 4 1/2 billions; but exports of cigarettes were down sharply. Domestic cigar consumption, as indicated by tax-paid withdrawals during the first quarter, were about 5 percent less than January-March 1948. Snuff consumption during January-March 1949 amounted to about 10 1/2 million pounds and was about 5 percent below the same 1948 period. The first quarter consumption of smoking and chewing also fell a little below the January-March 1948 total.



Total unmanufactured tobacco exports during January-February 1949 were 83 million pounds or substantially larger than the 57 million pounds exported in the first 2 months of 1948. Tobacco exports in January-February to the United Kingdom were below January-February 1948; but those to Germany in January-February were approximately 35 1/2 million pounds in contrast to the less than one-fourth of a million pounds during January-February 1948.

Flue-cured tobacco exports accounted for three-quarters of the total shipped in January-February 1949. The first 2 months' exports of flue-cured exceeded those of January-February 1948 by 35 percent. Cigar tobacco exports during January-February were unusually large and were higher than any previous annual total. Burley, Maryland (type 32), and Kentucky-Tennessee fire-cured also gained sharply over the comparable months in 1948.

#### SUGAR

Domestic sugar prices have continued firm in the past month, although there has been considerable selling pressure on Cuban and Puerto Rican interests as the large crops in these countries are being harvested. Average prices in March were as follows: Spot raw sugar, duty paid, New York, 5.68 cents; wholesale refined sugar, New York, 7.95 cents and retail refined sugar, United States, 9.5 cents. Comparable prices in March 1948 were 5.42, 7.75, and 9.4 cents. Since prospective sugar supplies in the United States are lower relative to consumer demand than in 1948, the domestic sugar market will continue firmer in 1949 than in 1948, unless there are appreciable changes in the underlying supply and demand factors.

Gross income of mainland producers in 1948 from sugar beets and sugarcane is estimated at 163,238 thousand dollars, a decrease of 26 percent from 1947. Although complete data are not available the decline in net farm income from these crops was probably somewhat greater, since average farm expenses of production were apparently higher in 1948 than in 1947. Gross income from sugar beets is estimated to be 32 percent lower in 1948 than in 1947, while gross income from sugarcane is indicated to be about the same for both years. The drop in income from sugar beets resulted from a decrease in production, abandonment of the price support program, and lower prices. The increase in production and in Sugar Act payments in 1948, however, offset the decrease in price to sugarcane farmers.

The 1948-49 season average price for Louisiana blackstrap molasses has been announced as 9.70 cents. This compares with the 1947-48 season average price of 26.76 cents. The normal marketing season for Louisiana blackstrap, the period in which the average price is used as a basis for the division of molasses receipts between processors and producers, is from October through January. Because of the slow movement of molasses through January, Louisiana producers petitioned the Secretary for the extension of the marketing season through March. This request was granted. The principal reasons for the decline in price have been the abundance of offshore supplies, and the decrease in demand for blackstrap for feeding because of the 1948 bumper corn crop and the decrease in the price of corn.

OFFICIAL BUSINESS

DPS-5/48-5000  
PERMIT NO. 1001

TO THE DIRECTOR, BUREAU OF PLANT INDUSTRY, U. S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

FROM THE DIRECTOR, BUREAU OF PLANT INDUSTRY, U. S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

SUBJECT: [Illegible]

[Illegible text follows]

TO THE DIRECTOR, BUREAU OF PLANT INDUSTRY, U. S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

FROM THE DIRECTOR, BUREAU OF PLANT INDUSTRY, U. S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

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